

DRINKING WATER STATE REVOLVING FUND
Supplemental Intended Use Plan
Additional Supplemental Appropriations for Disaster
Relief Act, 2019

Florida Department of Environmental Protection
Division of Water Restoration Assistance

SFY2021



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INTENDED USE PLAN
DRINKING WATER STATE REVOLVING FUND
Additional Supplemental Appropriations for Disaster Relief Act, 2019

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I. EXECUTIVE SUMMARY

On June 6, 2019, the President signed P.L. 116-20, the "Additional Supplemental Appropriations for Disaster Relief Act, 2019" (ASADRA), into law.

For Florida, the funds are intended for wastewater treatment works and drinking water facilities impacted by Hurricane Michael. The

Environmental Protection Agency (EPA) has allotted supplemental funding for the Florida

Drinking Water State Revolving Fund (DWSRF)

program, and the legislature has appropriated the required match for the federal funds. This

Supplemental Intended Use Plan (IUP) serves to explain how the ASADRA capitalization grant will be used within the DWSRF program.



For an activity to be eligible for ASADRA funds, it must be SRF eligible, have been impacted by Hurricane Michael, and it must serve one or more of the following purposes:

- Facilitates preparation for, adaptation to, or recovery from rapid hydrologic change or any other type of natural disaster for a wastewater treatment works or drinking water system or related facility;
- Reduces the likelihood of physical damage to a treatment works or drinking water systems;
- Reduces a treatment works' or water system's susceptibility to physical damage or ancillary impacts caused by floods, earthquakes, and fires; or
- Facilitates preparation for, adaptation to, or recovery from a sudden, unplanned change in the amount of and movement of water in proximity to a treatment works or water system.

ASADRA is additional funding above the traditional DWSRF program to promote resilience in disaster areas. To maximize efficiency, states are implementing ASADRA through their existing SRF programs. The priority system used by Florida will be identical to the traditional system, however, the interest rate on loans will be 0% for all borrowers and all loans will include additional subsidy in the form of 25 percent principal forgiveness for all borrowers.

II. PROJECT FUNDING

Florida's base ASADRA grant allocation is \$109,270,000. State legislature provided the necessary 20% state match of \$21,854,000 for a total ASADRA funding of \$131,124,000. However, up to 33% of the Drinking Water SRF allocation can be transferred to the Clean Water SRF and Florida intends to exercise this option. This amounts to up to \$36,059,100 added to ASADRA for CWSRF projects plus the associated state match of \$7,211,820, leaving \$87,853,080 available for DWSRF ASADRA projects.

For this supplemental appropriation, Florida expects to provide assistance to at least three communities for drinking water infrastructure projects for a total of \$87,853,080. To maximize the financial benefit to the communities devastated by Hurricane Michael, the program is making all loans with 0 percent interest and 25 percent principal forgiveness.



III. LONG- AND SHORT-TERM PROGRAM GOALS

A. The long-term goals are to:

1. To finance projects that will contribute to improved reliability of potable water services in the area impacted by Hurricane Michael.
2. To maximize the effectiveness of these funds in providing more resilient systems preparing them for future catastrophic storms while minimizing the impact of such events.

B. The short-term goals are to:

1. Assure that SRF funds are used effectively for drinking water infrastructure projects intended to resolve high priority public health and water conservation and reliability of service concerns as well as other regulatory agency concerns.

2. Assure that all funds are expended in an expeditious and timely manner to projects that will provide the most benefit or will increase resiliency in the coastal area.
3. Assure the fiscal, technical, and managerial integrity of the SRF program by preventing waste, fraud, and abuse. Projects will be inspected as necessary to make certain the project is constructed correctly and efficiently.

III. ALLOCATION OF FUNDS

Our priority ranking system is designed so that the greatest priority is given to projects that:



1. Address the most serious risks to human health.
2. Ensure compliance with federal and state drinking water regulations.
3. Assist systems most in need on a per household basis (affordability).

If projects receive identical priority scores, population served will be the tie breaker. The sponsor with the lower population served will be

advanced ahead of the sponsor with a higher population served.

IV. FINANCIAL MANAGEMENT

A. Source of State Match

Florida's ASADRA capitalization grant allocation of \$109,270,000 requires state matching funds of \$21,854,000 (20 percent). The Florida legislature appropriated funds for this purpose during the FY 2020 legislative session.

B. Service Fee Income

The SRF rule provides for a one-time service fee on each loan to cover program administrative costs. Assistance recipients are assessed a two to four percent service fee on all loans, typically paid in the

first one or two repayments, but may be prepaid any time after the loan agreement has been executed.

C. Anticipated Cash Draw Ratio

For these supplemental funds, Florida will draw the capitalization grant after the required state match has been deposited.

D. Estimated Sources and Uses

1. Sources of Funds

Florida plans to draw the full \$109,270,000 allotted for the DWSRF as well as transfer 33 percent of the funds allotted to the DWSRF over to the CWSRF. The total funds available through the DWSRF program is derived by adding this DWSRF capitalization grant of \$109,270,000, the associated state match of \$21,854,000, minus the transfer of 33 percent of the DWSRF capitalization grant or \$36,059,100.00, and the associated state match of \$7,211,820. Therefore, the total supplemental funds available for drinking water infrastructure projects related to Hurricane Michael is \$87,853,080.

2. Uses of Funds: All supplemental funds will be used for hurricane recovery and resiliency projects.

E. Financial Management Strategies

Projects draw on their funding at different intervals based on the timing of the construction and the size of the project.

V. PROGRAM MANAGEMENT

A. Assurances and Specific Proposals

The Florida DEP has provided the necessary assurance and certifications as part of the Operating Agreement between Florida and the USEPA. The Operating Agreement (OA) describes the mutual obligations between EPA and the DEP. The purpose of the OA is to provide a framework of

procedures to be followed in the management and administration of the DWSRF. The OA is currently being revised and will be submitted to EPA for approval soon.

The OA addresses our commitment to key DWSRF requirements, including:

- 602(a) Environmental Reviews: The DWSRF will conduct environmental reviews according to the State Environmental Review Process developed for the CWSRF.
- 603(b)(3) Binding Commitments: The DWSRF will enter into binding commitments for 120 percent of each quarterly grant payment within one year of receipt of the payment.
- 602(b)(4) Expeditions and Timely Expenditures: The DWSRF will expend all funds in the DWSRF in a timely manner.

B. Federal Requirements for Equivalency Projects

Many federal requirements apply in an amount equal to the capitalization grant. These requirements are:

- Single Audit Act (OMB A-133)
- Disadvantaged Business Enterprise (DBE) compliance
- Federal environmental crosscutters
- Federal Funding Accountability and Transparency Act (FFATA) reporting
- Public Awareness Enhancement (Signage)

For the purposes of these ASADRA funds all projects funded through this program will be required to meet the above.

In addition to meeting the above requirements, these projects must also certify compliance with the DBE requirements and must comply with the FFATA requirements for executive compensation reporting.

C. Federal Requirements for all Projects

The Water Resources Reform and Development Act added several requirements for DWSRF loan projects including:

- Davis-Bacon Wage Rates
- American Iron and Steel
- A/E Procurement Requirements

Florida's Consultant's Competitive Negotiation Act has been accepted as equivalent to the federal requirements for A/E procurement, so compliance with this act will be certified by the loan recipient.

D. Audits and Reporting

Florida is committed to providing the public full access to DWSRF documents. Documents relating to the administration of the DWSRF program are generally available to the public on the FDEP website or through the electronic document management system, OCULUS. The current IUP is posted on the program's web site at <https://floridadep.gov/wra/srf/content/state-revolving-fund-resources-and-documents>.

OCULUS can be accessed at <http://depdms.dep.state.fl.us/Oculus/servlet/login?>. Once logged into OCULUS, documents relating to program administration can be found by navigating to "State Revolving Fund" under catalog and "SRF File Cabinet" under Profile. Searches for specific documents can be further refined using the Drawer dropdown box. For documents such as IUPs, Operating Agreements and Capitalization Grants, choose "EPA Related" and the folder dropdown will allow the user to choose these and several other administrative documents.

Basic project information has been entered into EPA's Clean Water Benefits Reporting database for all projects to date. The database is updated as agreements are executed or amended and is reconciled with the program's database monthly.

Independent audits are conducted annually by the DEP Office of Inspector General, and frequently by Florida's Auditor General.

E. Procurement of Architectural and Engineering (A/E) Contracts

Chapter 287.055, Florida Statutes mandates the requirements for the procurement of A/E services. This statute meets all of the requirements in 40 U.S.C. 1101 et. sq. for an equivalent State requirement. This statute can be found on the internet at:

http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&URL=0200-0299/0287/Sections/0287.055.html.

VI. PUBLIC PARTICIPATION

Notice of the workshop for the purpose of public review and comment on this FFY 2020 ASADRA IUP was published in the Florida Administrative Register on 6/12/20 for a virtual public participation workshop held on August 12, 2020.

Notice of a public meeting was published in the Florida Administrative Register on 6/12/20 for a public meeting held on August 12, 2020 for the purpose of developing the ASADRA SFY 2021 project list. Projects will continue to be added at future quarterly meetings until funds are exhausted.

ATTACHMENT 1
SOURCE AND USE OF FUNDS

SFY 2021 APPROPRIATIONS

SOURCE OF FUNDS		AMOUNT
FEDERAL - FFY 2020 ASADRA GRANT		\$ 109,270,000
STATE - SFY 2021 Matching Funds Appropriated by the Florida Legislature		\$ 21,854,000
TOTAL AVAILABLE FUNDS		\$ 131,124,000
USE OF FUNDS		AMOUNT
DWSRF ASADRA PROJECTS		\$ 87,853,080
TRANSFER TO CWSRF, 33%		\$ 43,270,920
ADDITIONAL SUBSIDY FOR PROJECTS (INCLUDED)		\$ 21,963,270
TOTAL AVAILABLE FUNDS		\$ 131,124,000

**ATTACHMENT 2
ASADRA PROJECT LIST**

SPONSOR	PROJECT DESCRIPTION	TOTAL FUNDING	PRINCIPAL FORGIVENESS (25%)
Panama City (DW0302G)	System Wide Hardening	\$52,284,720	\$13,071,180
<i>TBD</i>	<i>Recovery, Resiliency and Hardening</i>	\$35,568,360	\$8,892,090
TOTAL		\$87,853,080	\$21,963,270

ATTACHMENT 3

PUBLIC WATER SYSTEMS IN PRIMARY AFFECTED AREAS¹ (Bay, Gulf, Franklin, Jackson, Calhoun, Liberty and Gadsden)

Altha, City of	Liberty County
Apalachicola, City of	Lighthouse Utilities, Inc
Bay County	Lynn Haven, City of
Blountstown, City of	Marianna, City of
Bristol, City of	Mexico Beach, City of
Callaway, City of	Noma, City of
Carrabelle, City of	Malone, City of
Chattahoochee, City of /State Hospital	Panama City, City of
Chipley, City of	Panama City Beach, City of
Cottondale, City of	Parker, City of
Eastpoint Water and Sewer	Port St. Joe, City of
Graceville, City of	Quincy, City of
Grand Ridge, City of	Rosedale Water Association (Chattahoochee)
Gretna, City of	Sneads, City of
Havana, City of	Springfield, City of
Jackson County	Water Management Services (St. George Island)
Jamieson Water System (Talquin Electric Cooperative)	Wewahitchka, City of
Joyland Water System (Gadsden County)	White City (Gulf County)
Lake Talquin Water	

¹ State of Florida Executive Orders for Hurricane Michael (EO#s 18-276 and 18-277) covered these additional counties: Escambia, Santa Rosa, Okaloosa, Walton, Holmes, Washington, Leon, Wakulla, Jefferson, Madison, Taylor, Hamilton, Suwannee, Lafayette, Dixie, Columbia, Gilchrist, Levy, Citrus, Baker, Union, Bradford, Alachua, Hernando, Pasco, Pinellas, Hillsborough, and Manatee. However, priority will be given to those communities in the primary affected areas.

**ATTACHMENT 4: ACH PAYMENT SCHEDULE AND CASH DRAWS
 FFY 2021 GRANT, AUTOMATED CLEARING HOUSE, PAYMENT
 SCHEDULE AND CASH DRAWS**

	Federal FY 2021 QTR 1 / State FY 2021 QTR 2	Federal FY 2021 QTR 2 / State FY 2021 QTR 3	Federal FY 2021 QTR 3 / State FY 2021 QTR 4	Federal FY 2021 QTR 4 / State FY 2022 QTR 1	TOTAL
ACH PAYMENT SCHEDULE	-	\$36,423,333	\$36,423,333	\$36,423,334	\$109,270,000
	Federal FY 2021 QTR 1 / State FY 2021 QTR 2	Federal FY 2021 QTR 2 / State FY 2021 QTR 3	Federal FY 2021 QTR 3 / State FY 2021 QTR 4	Federal FY 2021 QTR 4 / State FY 2022 QTR 1	TOTAL
CASH DRAW SCHEDULE FOR PROJECTS	-	\$36,423,333	\$36,423,333	\$36,423,334	\$109,270,000